



January 24, 2020

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

RE: Petition of Dominion Energy South Carolina, Inc. for an Accounting
Order Related to the Installation of Advanced Metering Infrastructure
Docket No. 2019 - 241 - E/G

Dear Ms. Boyd:

By Order No. 2019-622, dated September 6, 2019, the Public Service Commission of South Carolina ("Commission") granted Dominion Energy South Carolina, Inc. ("DESC" or "Company") an accounting order related to Advanced Metering Infrastructure ("AMI") deployment and ordered the Company to file a Customer Education Plan ("Plan") with specific details of how the Company would communicate AMI deployment to its customers, the availability of the opt-out, and the benefits of AMI for customers. On December 5, 2019, DESC filed the Plan and, in support of the Plan, also submitted to the Commission for approval two Smart Meter Opt-Out Riders (for both retail electric and gas service). The December 5, 2019 filing letter provided cost support for the derivation of the One-Time Service Establishment Fee and Rate Per Month charges.

By Order No. 2019-878, dated December 18, 2019, the Commission stated that it needed more detailed information about DESC's approach and justification for its calculation of the proposed charges and ordered DESC to provide justification for the fees in its two Smart Meter Opt-Out Riders and provide a draft waiver form. By letter dated December 23, 2019, DESC provided the Commission with the requested additional justification for the fees in its two Smart Meter Opt-Out Riders and a draft copy of the Company's form for the medical waiver of the opt-out charge.

By Order No. 2020-42, dated January 15, 2020, in the above-referenced docket, the Commission ordered DESC to provide the Commission with further explanation of the reasonableness of the proposed One-Time Service Establishment Fee and Rate Per Month charges—and specifically the size of the IT System Costs component of the One-Time Service Establishment Fee—described in DESC's December 23, 2019 filing and included in its two Smart Meter Opt-Out Riders (for both retail electric and gas service), which were submitted to the Commission for approval by filing dated

December 5, 2019. In compliance with Order No. 2020-42, DESC hereby provides the following further explanation of the reasonableness of the proposed One-Time Service Establishment Fee and Rate Per Month charges.

Non-IT System Costs

In its December 23, 2019 filing, the Company provided extensive detail as to how it arrived at the various component values included in its One-Time Service Establishment Fee and Rate Per Month charges on its two Smart Meter Opt-Out Riders. For each component, the Company provided a description of the work, an estimated labor rate, and an estimated time to accomplish each task. No further granularity for the Non-IT System Costs components is available.

The Company submits that the costs contained in its December 5, 2019 filing, and explained in further detail in its December 23, 2019 filing are reasonable estimates. The Company would note that the South Carolina Office of Regulatory Staff ("ORS") reviewed the Company's estimates in its December 5, 2019 filing and recommended approval by letter dated December 18, 2019.

IT System Costs

Specifically with respect to the IT System Costs component of the One-Time Service Establishment Fee, there are significant IT System costs associated with implementing and administering the new smart meter opt-out proposed by the ORS and agreed to by DESC and a relatively small group of opt-out customers (estimated to be 736 customers) from which to recover these costs.

In order to administer the new smart meter opt out process, changes were required to the Company's Customer Information System (CIS), Website, and Field Service Management System. The Company had to add or modify functionality to support a new smart meter opt out application process, administer the opt out accounts, bill the opt out fees, and generate the field service orders to complete the physical meter changes and read the meters monthly.

The Company developed three (3) new customer letters (opt out application, medical waiver form, and a combined form with both documents) with the option for the customer to receive these via U.S. mail, fax, email, or locally in person. DESC also developed two (2) new smart meter opt out screens in its CIS system—an administration screen and an information screen. The administration screen determines opt out eligibility based on rates in use for that account. This screen contains the functionality to send the opt out letters to the customer and logs communication records each time a letter is sent for future reference. This screen also contains the functionality to view and administer the opt out status of the

account and flag the account as medical waiver eligible. The new information screen displays talking points and smart meter information to help the Company's representatives fully explain the benefits of smart meters and address any questions regarding the opt out process that customers may have.

The Company was also required to make coding changes to its Billing subsystem to create and bill charges for the new smart meter opt out One-Time Service Establishment Fee and Rate Per Month charges, including changes to allow the functionality to bill the One-Time Service Establishment Fee in six installments and to waive the fees if the account has a valid medical waiver.

Significant modifications were required to DESC's field service order processes to handle the meter exchange process as well as processing orders on accounts with opted out meters. The current service order process was modified to ensure that the orders are routed to the proper areas and to personnel that have the skills needed to handle the meter conversion process. The Company also had to modify the order completion process to update the account attribute that will denote the account as opted out and create the charge for the customer for the service establishment fees. Additionally, the Company had to build a process that would allow it to handle the meter exchange process that is required if a new customer takes over service at a location where the prior customer had an opt out meter(s) installed or if the opt out customer requests to terminate their service. Finally, the Company created a new process to generate field service orders to manually read any opted out meters each month.

The Company initially estimated that it would cost \$86,788.06 to accomplish the above work and then divided these costs by its estimate of 736 opt-out customers to arrive at the IT System Costs component of \$117.92. Since the estimates were made, the Company has completed the IT Systems work to implement the Opt-Out, and the actual costs incurred were \$146,519.83, or \$59,731.77 more than the original estimate on which the IT System Costs component of the One-Time Service Establishment Fee is based. In other words, the \$117.92 value for the IT System Costs component is much lower than it would have been if it had been based on the actual costs incurred. Had the actual costs been used, the IT System Costs component of the One-Time Service Establishment Fee would be \$199.08.

Conclusion

Based on the foregoing, and the information provided in the December 5, 2019 and December 23, 2019 filings, the IT System Costs component of \$117.92—as well as the other components in the One-Time Service Establishment Fee and the Rate Per Month—are more than reasonable. The Company would respectfully request approval of the two Smart Meter Opt-Out Riders (for both retail electric and gas

service) by January 31, 2020, to support deployment of this technology in the field, which is scheduled to begin during the second quarter of 2020.

By copy of this letter, we are providing the ORS with this additional explanation of the reasonableness of the opt-out charges.

If you have any questions, please advise.

Very truly yours,



Matthew W. Gissendanner

MWG/kms
Enclosure

cc: Jeffrey M. Nelson, Esquire
(via electronic and U.S. First Class Mail w/enclosure)